Fraudulent Claims of Export Incentives

267. SHRI DATTA MEGHE: Will the Minister of FINANCE be pleased to state:

(a) whether some cases of fraudulent claims of export incentives by export-import companies under various export promotion schemes, have been unearthed by the Customs;

(b) if so, the details thereof during the last three years;

(c) the amount involved in these frauds;

(d) whether some officials of the Customs have also been found involved in this fraud ;

(e) if so, the details thereof;

(f) the action taken against such unscrupulous officials of the Customs and the export-import companies involved in it; and

(g) the measures taken or proposed to be taken to ensure that such frauds are not committed again?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Yes, Sir. Cases of fraudulent claims of export as per details given below (scheme-wise & year-wise) have been detected by the Customs Department:—

Year 2001-2002

Name of the export promotion scheme	Number of cases detected	Amount involved (Rs. in lakhs)
DEEC	61	4292.88
Drawback	117	7163.21
DEPB	52	5996.41
EOU	126	15144.37
Others	38	3407.87

Year 2002-2003

Name of the export promotion scheme	Number of cases detected	Amount involved (Rs. in lakhs)
DEEC	30	4151.84
Drawback	108	6061.07
DEPB	189	14837.67
EOU	252	39431.02
Others	30	4887.37

Year 2003-2004

Name of the export promotion scheme	Number of cases detected	Amount involved (Rs. in lakhs)
DEEC	33	9012.46
Drawback	99	38986.30
DEPB	90	10846.91
EOU	164	20646.20
Others	34	2821.81

(d) and (e) 126 Officials of the Customs Department have been found involved in these fraud cases during last three years.

(f) Vigilance enquiries have been initiated against such officials and in appropriate cases steps like suspension, arrest etc. have been taken. In so far as Companies involved in these cases are concerned, after completion of investigation show cause notices are issued for imposition of fine & penalties. In appropriate cases, persons involved are also arrested and prosecution launched. Detention under COFEPOSA is also resorted to in deserving cases.

(g) With a view to combat such frauds some of the measures taken are:—

(a) Enhancing the effectiveness of intelligence-based checks by DGRI.

(b) Special targeting of risk-prone commodities and exporters for critical examination of the goods/declarations.

(c) Critical verification of market value of export goods.

(d) Random and parameter-based selection for examination and scrutiny of export consignments being built into automated system of Customs clearance.

(e) Imposition of value caps/draw back caps wherever necessary to check availment of unintended benefits.